

MBS Intelligence

# Diversity and inclusion in UK retail: where are we now and what comes next?

In-depth research and analysis from BRC, The MBS Group and PwC



# Leadership diversity and D&I strategies

## How the industry is performing on diversity and inclusion, and key themes drawn from conversations with retail leaders

In Q4 2020, The MBS Group conducted extensive research to understand the status of diversity and inclusion in the UK retail industry. Our findings are based on data captured from more than 200 companies of scale across the industry, with a focus on the three highest leadership levels: Board, executive committee and direct reports (into the executive committee).

We measured how the industry's leading businesses are performing on gender and ethnic diversity, and explored how companies

are embracing the broader aspects of D&I including LGBTQ+, disability, nationality, age and social mobility. Our research also deep-dives into the most senior leadership roles on the Board, and provides comparisons to other consumer-facing industries.

As part of our research, we conducted interviews with more than 100 Chairs, CEOs and HRDs to look beyond the numbers and explore the key themes and insights dominating conversation in the industry.

# Diversity and inclusion strategies

Over the past few years, D&I has risen up the corporate agenda.

Most retail companies not only understand the benefits of a more diverse workforce, but also recognise that developing a joined-up D&I strategy is critical to driving change.

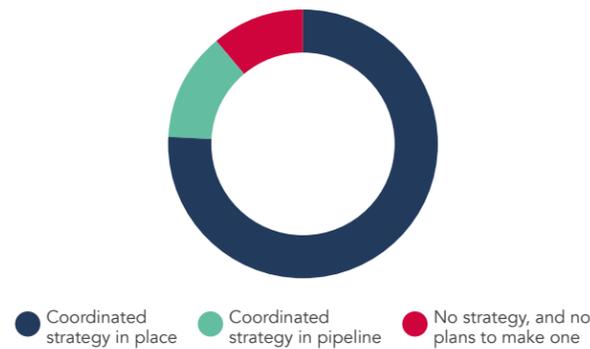
Correspondingly, our research has found that a significant 76% of businesses have a coordinated D&I strategy, and 13% have one in its formulation stages. However, a sizeable minority of businesses (11%) don't have a policy in place or a plan to build one.

Significantly, businesses across the industry are at vastly different stages of their D&I journey. The most successful businesses have recognised the need for a wholesale and holistic approach to D&I. By integrating D&I into the entire business – rather than making it an 'HR issue' – businesses fostered inclusive environments and increased female and minority representation.

## The numbers

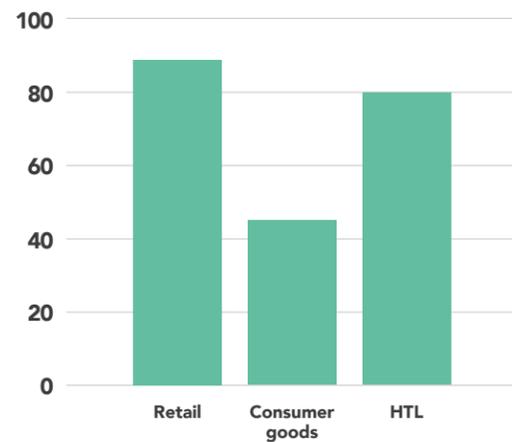
- 76% of retailers have a coordinated diversity and inclusion strategy.
- 13% of retailers have a strategy in the pipeline for 2021.
- 11% of retailers do not have, nor have any plans to develop, a strategy.

**% RETAILERS WITH COORDINATED D&I STRATEGIES**



## How does this compare?

**% OF COMPANIES WITH COORDINATED D&I STRATEGIES BY INDUSTRY**



When it comes to establishing D&I strategies, the retail industry is outperforming its adjacent consumer-facing sectors. 89% of retailers have, or have plans for, a coordinated policy on D&I, compared with 80% of companies in hospitality, travel and leisure (HTL) and just 45% of consumer goods businesses.<sup>1</sup>

## What's covered in D&I strategies?

Over the past few years, efforts have been made to broaden the diversity agenda. The businesses that have progressed the furthest on D&I are not only championing female and ethnic minority representation, but also disability, LGBTQ+, age, social mobility and mental health. Retail is outperforming its adjacent consumer-facing sectors on breadth of D&I policies.

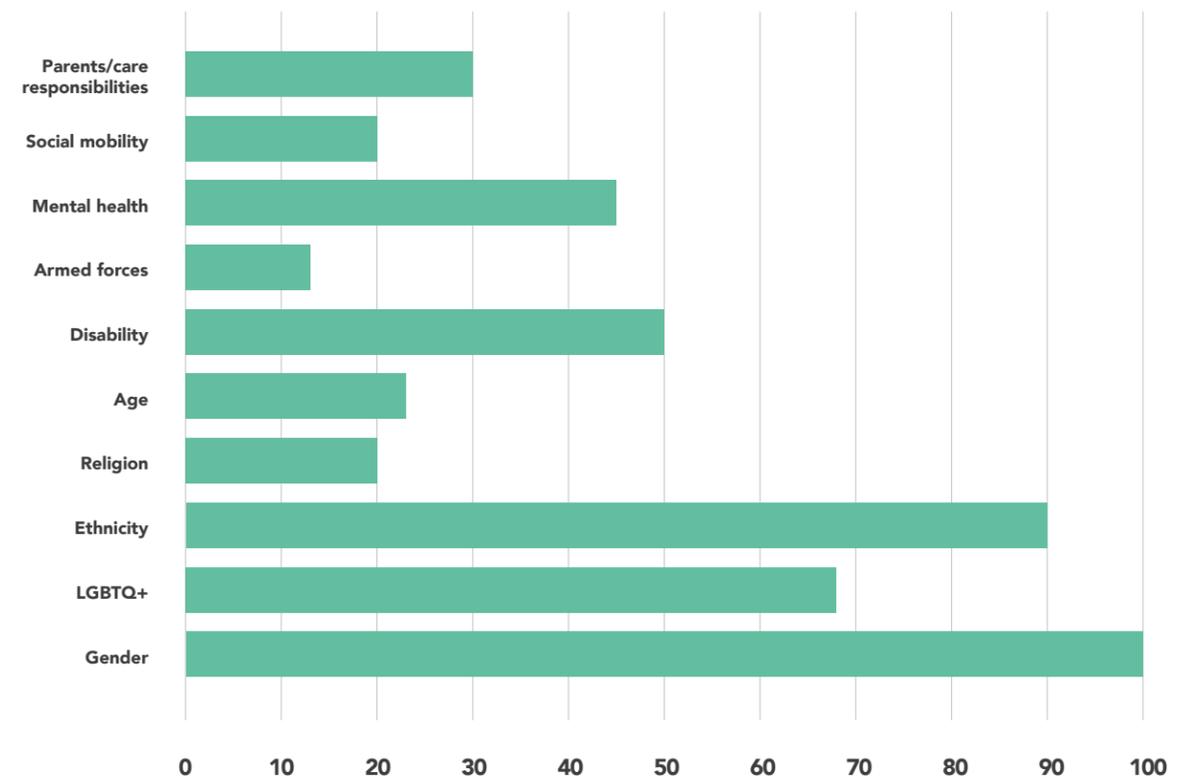
Gender is typically the starting point for most companies. This is largely because of the introduction of mandatory gender pay gap reporting, as well as pressure from high-profile initiatives such as the Hampton-Alexander Review. Accordingly, all businesses with a D&I strategy have policies in place to encourage female representation.

The second most common area of focus is ethnicity, with 90% of businesses' D&I strategies covering racial and ethnic diversity. This is significantly higher than in adjacent sectors.

Notably, 62% of companies said that the Black Lives Matter movement accelerated workplace conversations about race and ethnicity, with many establishing listening groups or external partnerships in response.

Most retailers (68%) also have policies in place to encourage LGBTQ+ inclusion, and 50% have strategies that cover disability. Social mobility, age and mental health are also covered in some D&I strategies although these areas are less advanced. A small minority of retailers also have D&I strategies covering support for former offenders or those formerly in the armed forces.

**% OF STRATEGIES, BOTH CURRENT AND IN FORMULATION STAGES, THAT CONSIDER:**



<sup>1</sup>Research on the hospitality, travel and leisure industry comes from *From Intention to Action: Diversity in Hospitality, Travel and Leisure*, produced by The MBS Group, PwC and WiHTL. Research on the consumer goods industry comes from *Diversity in Grocery: An in-depth report from The MBS Group, IGD and in association with PwC*

## What gets measured gets done

Access to available data has long been understood as a key driver of progress on D&I.

While mandatory gender pay gap reporting has forced businesses to collect information on female representation, a lack of sufficient data continues to be a problem for retailers – especially for smaller organisations which don't have the capability to roll out mass data collection programmes.

Collecting ethnicity data continues to be a challenge, with only 33% of retailers attempting to track ethnic diversity. However, the prospect of mandatory ethnicity pay gap reporting is forcing many retailers to consider the data they already have, and how they would collect more. In some countries, there are laws preventing organisations holding data on the ethnicity of employees, which can present roadblocks for UK retailers that are part of an overseas business.

On top of infrastructure issues, many retailers reported a hesitance from their employees to provide data. One chief people officer told us that only 54% of employees completed their survey, and that the 'prefer not to say' option was frequently selected on questions of ethnicity.

Another reported that a feedback survey had revealed that employees felt data collection was 'intrusive', while several retailers confided fears of breaching GDPR.

However, there are shoots of progress. Our conversations revealed that the largest organisations have, or are currently developing, advanced HR systems to collect and track ethnicity data. One specialist retailer has hired a 'colleague experience manager' whose responsibility it is to analyse data from surveys and exit interviews to drive an inclusive culture and establish focus groups where necessary.

Moreover, retailers in which inclusivity is embedded throughout the organisation

reported higher levels of engagement in surveys, allowing them to more accurately measure and progress on ethnic diversity.

## Prioritising inclusion

The companies with the most mature D&I strategies are actively prioritising inclusion over individual aspects of diversity and representation.

There are many benefits to this approach. First, focusing on inclusion allows businesses to apply an intersectional lens. Recognising that employees may not fit into just one 'category' of diversity – and may face more than one type of discrimination – is a crucial step towards D&I.

Second, inclusivity has long-term benefits. If achieved, inclusive cultures inevitably improve female and minority representation by attracting diverse talent and fostering an environment where those individuals can progress into the most senior roles.

Third, focusing on inclusivity signifies that D&I can only be achieved if prioritised across the entire business, and reflected in the actions and words of leaders. One chief people officer told us that they see inclusion as the accumulation of individual actions taken by leaders.

Fourth, taking a 'diversity-first' approach can result in an undue – and short-term – focus on meeting representation targets, and distract from solving deep-rooted issues further down the business.

To achieve diversity, businesses must first establish inclusion – and evidence shows that businesses with more inclusive environments find it easier to hire and promote diverse candidates into the most senior positions. Inclusive cultures result in higher engagement from employees when it comes to data collection, making it easier for businesses to track and understand their progression on diversity.

## Building a diverse talent pipeline: lessons from Asda in the 1990s and 2000s

Achieving diversity in the retail industry is a long-term project, and businesses should focus on building a pipeline of strong diverse talent which can rise into the most senior positions.

Long-term, businesses should prioritise developing and sponsoring their own female and diverse leaders.

A quick look at the current female talent pool explains why this is crucial. Between 2010 and 2020, we saw a number of female CEOs appointed to lead significant UK retailers. Many of these had trained under Archie Norman and Allan Leighton at Asda in the 1990s, and were sponsored by former Asda leaders into their first CEO roles. Looking back, it was Asda's commitment to training and providing sponsorship for its female leaders that made it such a successful source of female CEO talent.

Many of these women are now reaching the end of their executive career. As Asda's commitment has not been replicated at the same scale elsewhere, there is not a ready pipeline of senior women able to step into CEO roles in the short term.

To build this pipeline of talent, and to ensure diversity while internal talent pools are being developed, businesses should look outside the retail industry. Asda found many of its best-performing female leaders from industries such as FMCG, and 'trained' them in retail. Hiring from other industries is especially effective in improving on ethnic diversity. Black leaders, for example, are particularly hard to find in UK retail today.

## Nuances and challenges in retail

### SPONSORSHIP AND ACCOUNTABILITY

The most successful businesses on D&I are those in which diversity is not an 'HR issue', but is a priority for the executive committee and the Board. Our research found that:

- Only 50% of retailers identify their CEO as the most senior executive sponsor of D&I.
- 38% of retailers identify their HRD as the most senior executive sponsor of D&I.

The furthest-progressed businesses are those with solid systems in place to ensure accountability on D&I. One gold-standard retailer told us that its CEO gives regular progress updates to the Board, and that every area of diversity had a Board-level sponsor. Businesses that champion diversity from the top also report higher levels of employee engagement.

Our research has revealed some ongoing issues with sponsorship and accountability. Where employee networks have executive sponsorship, leaders tend to champion the areas that relate to them personally. Given the lack of ethnic diversity and physically disabled or LGBTQ+ leaders around the top tables of businesses in our sector, this can result in a lack of engagement in these issues.

Companies also reported challenges in engaging their store management teams.

### ENGAGING THE BOARD

In the most advanced companies, progress on D&I is driven by the non-executive Board, which recognises the commercial benefits. However, most retail businesses reported little Board engagement on the topic. As a comparison, we know D&I to be a central priority for NEDs in the adjacent hospitality, travel and leisure sector. One CEO told us that the first step in their business was having a frank and honest conversation with the Board to highlight D&I as a long-term priority. Additionally, some retailers noted that D&I was lower down the agenda for

institutional investors than it had been during previous periods.

Some businesses in the consumer-facing industry have chosen to set up diversity advisory Boards which meet alongside the main Plc Board. On the one hand, establishing a diversity Board sends a clear message that D&I is a priority for the business. However, some argue that a separate Board represents D&I being siloed, rather than integrated into business-wide strategy.

### EMPLOYEE RECEPTIVENESS

Retailers with a high proportion of young employees have felt more pressure to act on D&I than those with an older workforce.

Looking ahead, a business' activities around diversity will be factored into decisions about where to work. Millennials in particular will make up 75% of the workforce by 2025, and are typically 23% more engaged when a company's culture is inclusive. For companies looking to attract and retain the best talent, prioritising D&I should be a key priority.

Some companies told us that their inclusion-first approach is a direct response to feedback from employees who felt they were not included under the traditional diversity umbrella.

### A BALANCING ACT

More than one CEO told us that their organisation struggles to balance the varying attitudes towards diversity that exist between geographies and business units. Creating an overarching policy which takes into account the competing attitudes and biases in different divisions remains a significant challenge.

### COMPANY OWNERSHIP

Our research revealed strong links between ownership structure and engagement in D&I. For publicly listed companies, for example, diversity is high on the agenda, largely due to the levels of governance and reporting required from Plcs. As a result, policies are well developed and the approach to inclusivity is

holistic. A similar story can be found in retailers backed by large PE firms, where investors have recognised the many commercial benefits of D&I. One public company told us that it had felt increasing pressure from auditors to avoid groupthink, which in turn had generated engagement from the Board.

By contrast, diversity is generally not a priority for family-owned businesses and those retailers backed by smaller PE firms. More than one CEO at a privately-owned business told us that the biggest challenge is engaging their owners about D&I.

One CEO at a private equity-owned business told us that the reason their business does not have a D&I strategy is because its gender pay gap hasn't revealed any severe issues, so the PE owners feel that there's nothing to 'fix'.

Others highlighted how being part of a family-owned business had resulted in less autonomy for the executives to drive the D&I agenda, which slowed down progress. While family-owned businesses often have a values-driven culture, their purpose is often not formalised into D&I policy.

### COMPANY STRUCTURE

Our conversations revealed mixed responses to being part of a larger parent company.

Some retailers are benefiting from being the UK arm of an international business. This is especially true of cases where the parent company is US-based, as the topic of D&I is more developed in the US and budgets are correspondingly larger. One chief people officer, whose business is owned by a US parent company, reported that they had cross-group meetings to discuss D&I, covering topics such as how best to gather data and providing the opportunity to share best practice.

By contrast, others reported that being part of an overseas business has caused complications in progressing D&I, as international laws prevent thorough data collection, especially on ethnicity.

### COMPANY CULTURE

Organisations defined by their strong company cultures, particularly family-owned businesses, find it the most difficult to drive progress. This is particularly true in hiring processes, when appointing candidates on 'culture-fit' or 'gut feeling' can lead to a lack of diversity. Some retailers even expressed hesitancy at partnering with external organisations, for fear of damaging the internal company culture.

Some are aware that a strong culture can be a barrier to progress. A chief people officer at a specialist retailer told us that it is making a concerted effort to ensure that new, diverse hires do not feel constrained or stifled by its existing culture and ways of working, and feel comfortable bringing new ideas to the table.

### EXTENDING D&I OUTWARDS

For many retailers, internal D&I is being driven alongside policies to champion diversity among the customer base and commercial proposition. One grocer told us that it tracks the local demographic for a five-mile radius around each store, to ensure that marketing efforts reflect the needs of the local population.

Another retailer is mid-way through a full-scale review of its commercial operations across proposition and product, to drive up cultural diversity in that area.

### Examples of best practice

- The most advanced retailers have rolled out company-wide inclusion training schemes.
- One digital retailer told us that they had hired an inclusion professional from the banking sector to design a long-term D&I strategy, with the view that banking is further along its D&I journey than retail.
- One gold-star retailer has implemented mandatory personal objectives around inclusion for every employee at store manager-level and above – and performance here is reflected in bonuses.
- To ensure diverse hires at workforce level, one national retailer has centralised its shop

floor hiring processes. While store managers still make the executive decision, the process is automated up until that point to avoid unconscious bias.

- Some businesses are reviewing the wording of Board-approved hiring policies, to remove mentions of words such as 'merit' and 'performance', which have been found to disproportionately benefit male candidates and act as a barrier to progress in areas like social mobility.
- Many retailers choose to drive inclusion through partnerships with charities or campaigning groups.

### Who retailers told us they are partnering with:

#### D&I consultancies:

- DIAL Global
- Mission Include
- The Clear Company
- The Unmistakables
- HR DataHub

#### Gender:

- 30% Club

#### Social mobility:

- The Prince's Trust
- Kickstart
- Resolution Foundation

#### LGBTQ+:

- Stonewall

#### Race and ethnicity:

- Show Racism the Red Card
- Race at Work Charter
- Stephen Lawrence Charitable Trust

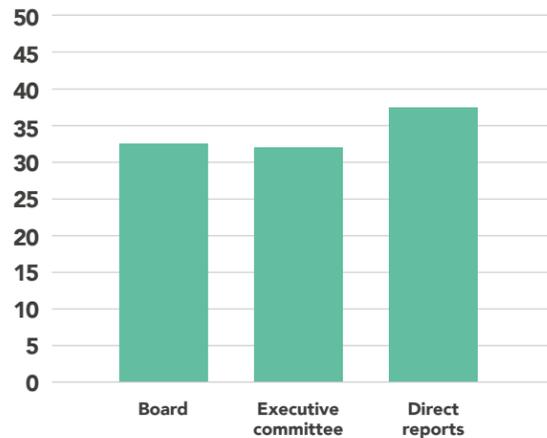
# Gender

Gender and female representation is consistently the most developed area of D&I in the retail sector. However, there is still some way to go to meet Hampton-Alexander industry targets of 33% female representation, and even further to reflect the near 50/50 gender split that exists in society.

## The numbers

- At Board level, 32.6% of non-executive directors in the retail industry are women.
- 32% of executive committee members are women.
- 37.5% of direct reports to executive committee are women.
- 69% of retailers have an all-male Chair, CEO and CFO triumvirate.

**% FEMALE REPRESENTATION AT TOP THREE LEADERSHIP LEVELS**



Most positively, the headline figures demonstrate that progress is being made. While female representation on the Board and executive committee remains low, more than a third of those reporting into the executive committee are women, demonstrative of the strong pool of female talent which will, in time, step into executive and Board-level positions.



However, retailers must work harder to ensure female representation at the most senior levels. Staggeringly, more than one in five retailers have no women at all on their Boards, and 15% of retailers have no women on their executive committees.

Despite women representing a resounding majority of both the workforce and customers, only 9.6% of UK retail CEOs are women. This figure drops down to 6.25% when you take out divisional CEOs who report into a group CEO.

Moreover, in the last twelve months, a significant number of high-profile female CEOs – particularly in listed businesses – have exited their organisation and been replaced by men, furthering the imbalance, and limiting the number of female role models in the sector.

Out of more than 200 businesses, the female CEOs and managing directors can be easily listed below:

### FEMALE CEOs AND MANAGING DIRECTORS IN RETAIL

- Julie Abraham (CEO, Richer Sounds)
- Anna Blackburn (MD, Beaverbrooks)
- Maureen Chiquet (Interim CEO, MatchesFashion)
- Liz Evans (CEO, Fat Face)
- Jacqueline Gold (CEO, Ann Summers)
- Mary Homer (CEO, The White Company)
- Jo Jenkins (CEO, White Stuff)
- Jill McDonald (CEO, Costa)
- Kerry van der Merwe (MD, Office)
- Sarah Miles (CEO, feelunique.com)
- Rachel Osborne (CEO, Ted Baker)
- Anne Pitcher (MD, Selfridges Group)
- Julia Straus (CEO, Sweaty Betty)
- Gill Smith (MD, The Perfume Shop)

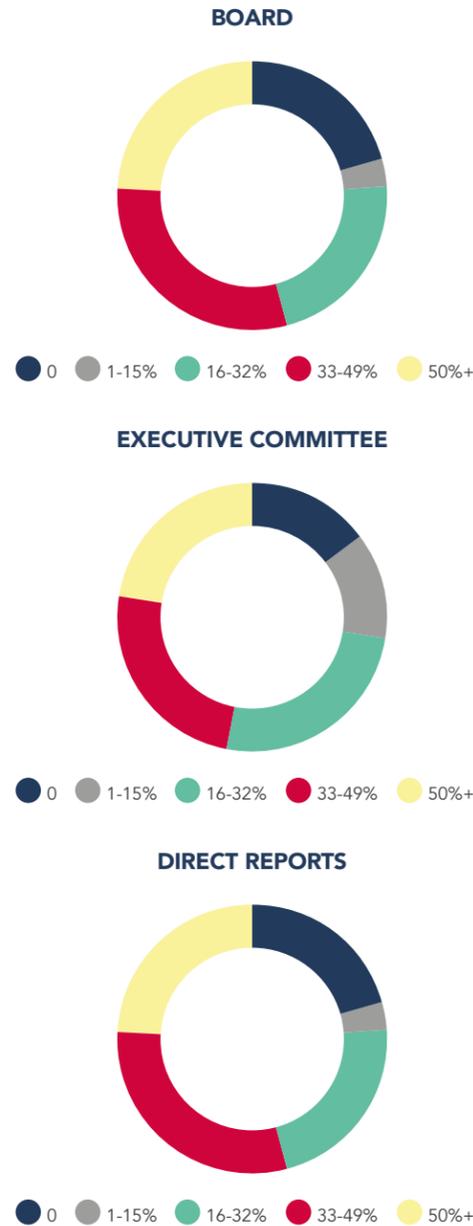
### FEMALE DIVISIONAL CEOs IN RETAIL

- Linda Campbell (MD, UK and ROI, The Body Shop)
  - Debbie Edwards (VP and GM, Gap Europe)
  - Sue Fox (SVP & GM UK & Ireland, The Estee Lauder Companies)
  - Toni Galli (Country Manager UK & Ireland, H&M)
  - Louise Greenlees (President, TJX Europe)
  - Paula MacKenzie (MD UK & Ireland, KFC / Yum! Brands)
  - Manju Malhotra (CEO, Harvey Nichols)
  - Jo Whitfield (CEO, Food, Co-op)
  - Pippa Wicks (Executive Director, John Lewis)
  - Mel Smith (CEO, Ocado Retail)
- Unsurprisingly, there is also a significant lack of female Chairs in the retail sector. Only 4.3% of Chairs are female.

### FEMALE CHAIRS IN RETAIL

- Susanne Given (MADE.com)
- Debbie Hewitt (White Stuff)
- Kate Hobhouse (Fortnum & Mason)
- Elaine O'Donnell (Games Workshop)
- Kate Swann (Moonpig.com)
- Alannah Weston (Selfridges)
- Sharon White (John Lewis Partnership)
- Lisa Wilkinson (Wilko)

A quick look at the CFO function tells a similar story. Only 11.4% of CFOs in the industry are female. As a result, there is a particularly severe shortage of women in the crucial Chair, CEO and CFO triumvirate, with 69% of retailers reporting to have no women in any of those roles.



**FEMALE CFOS IN RETAIL**

- Karen Anderson (Vertu Motors)
- Alice Arnold (Dune)
- Julie Brown (Burberry)
- Laura Carr (Dunelm)
- Patricia Cobian (Telefónica)
- Kim Coles (Lush)
- Danielle Davies (Footasylum)
- Suzanne Foley (Boden)
- Lynne Gilder (Dobbies)
- Fiona Greiner (MatchesFashion)
- Anna Heather (Yours Clothing)
- Rachel Izzard (N Brown Group)
- Amanda James (Next)
- Shirine Khoury-Haq (Co-op)
- Lynn Krige (Well Pharmacy)
- Amy Liddy (The Body Shop)
- Karen Mackay (Wilko)
- Louise McFadzean (Central England Co-op)
- Bérangère Michel (John Lewis Partnership)
- Rebecca Scott (Feelunique)
- Claire Shiels (Furniture Village)
- Rachel Tongue (Games Workshop)
- Loraine Woodhouse (Halfords)

**How does this compare?**

As demonstrated by the headline figures, across retail, the Hampton-Alexander target of 33% female representation has been met at direct reports level, but not on the Board or executive committee.

There is, however, a danger with these sorts of targets, which can lead to complacency once met by businesses. The retail industry must not lose sight of the real goal on gender diversity – matching the near 50/50 split that exists in society.

Indeed, one HRD told us that their Board had become disengaged with the topic of gender diversity and inclusivity after it had met the Hampton-Alexander target.

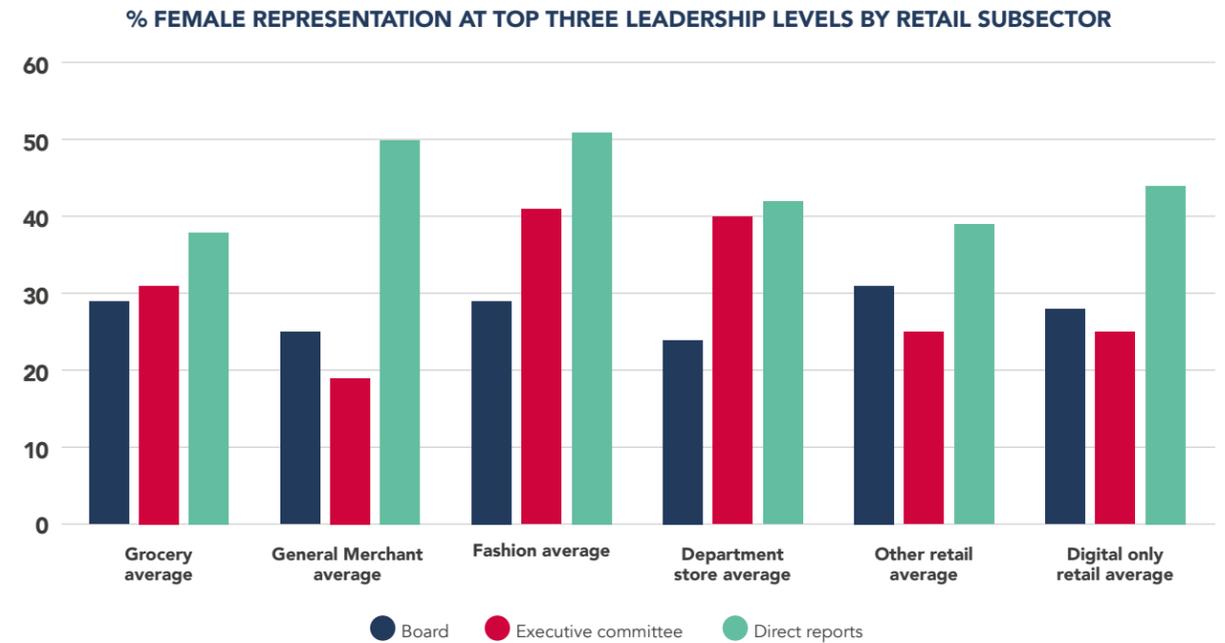
When compared with adjacent sectors, however, the retail space is edging ahead. Women are consistently proven to have more purchasing power and influence over where their households shop than men, which may go some way in explaining why we see higher female representation in retail.

FEMALE REPRESENTATION AT TOP THREE LEADERSHIP LEVELS BY INDUSTRY			
Industry	Board	ExCo	Direct Reports
Retail	32.6%	32.0%	37.5%
Consumer goods	27.6%	22.2%	35.9%
HTL	28.9%	27.2%	37.7%

Female representation in the retail industry is also not defined by industry leaders and laggards. Unlike in hospitality, travel and leisure and consumer goods, the retail industry does not have a large number of businesses performing well, a large number performing badly, and only a few in the middle. This is broadly demonstrative of retail's overall progress on D&I, which is spread across the sector.

**Nuances and challenges in retail**

**SUBSECTOR ANALYSIS**



Gender diversity in the workforce is heavily impacted by the company's brand and product offering. Retailers whose products are predominantly marketed towards men have fewer women in their workforces than those with women as primary customers. While female representation in the retail workforce stands at 64% on average, this ranges from 30% at a technology retailer to 97% at a women's clothing brand.

Correspondingly, businesses which are marketing towards women tend to have more gender diverse leadership teams.

In fashion retail, for example, women make up 78% of the workforce, 51% of direct reports, and 41% of executive committee members. Progress is slower at Board level, where only a quarter of seats are held by women, but the high levels of representation on the executive committee and within the direct reports demonstrates that there

is a strong pipeline of female talent which will eventually rise up into Board positions.

There are a number of exceptions to this rule. One company, which sells products predominantly marketed towards women and boasts a 90% female workforce, has only one woman on its executive committee.

**DATA COLLECTION**

For any retailer looking to improve on gender diversity, the first step to take is improving data collection strategies. Mandatory gender pay gap reporting has forced every business to compile some data, but there is a clear correlation between those businesses collecting more than the required data, and those succeeding on gender D&I.

Moreover, mandatory gender pay gap reporting was delayed in 2020. While many businesses opted to gather and publish data regardless, for others the pause will mean a backwards step.

**A FUNCTIONAL LENS**

A lack of women in operational roles is a key barrier to progress. Women are less likely than men to apply for operational positions, because the unsociable hours, travel requirements and ‘always on’ culture of operations are deemed incompatible with childcare commitments.

With fewer women in store or area management roles, female representation at middle-management level is very low – a trend which is mirrored across the consumer-facing sector.

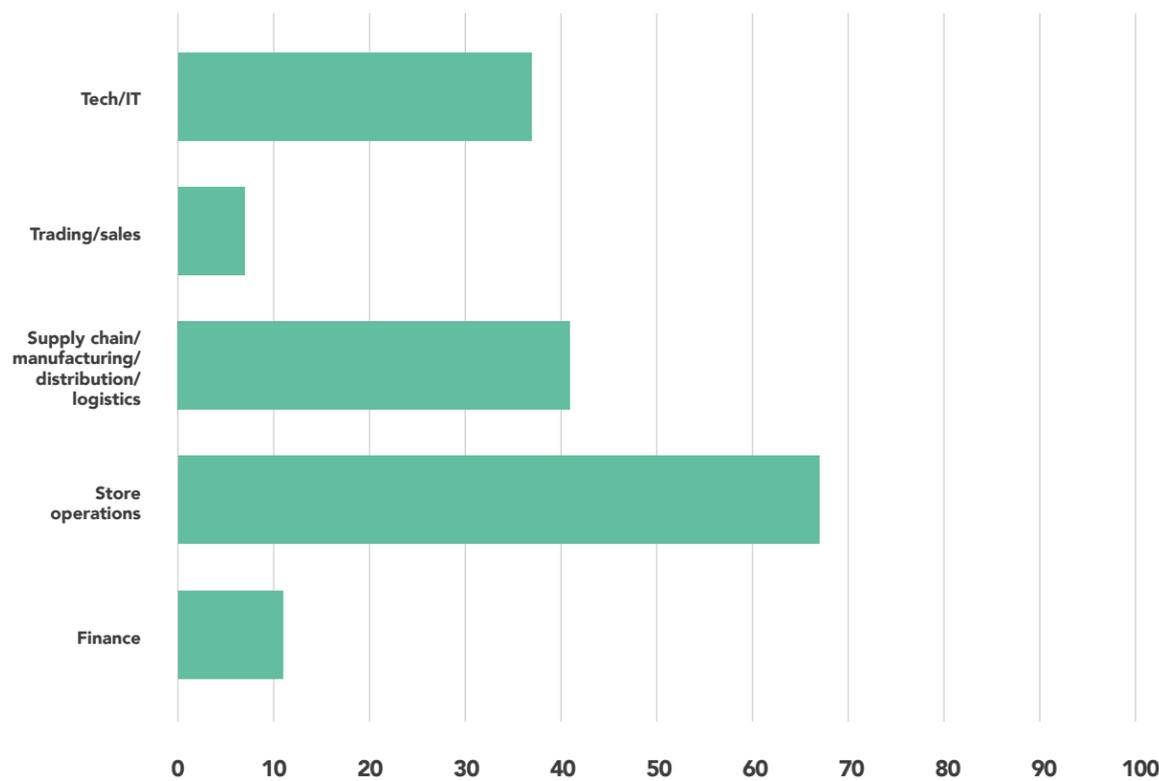
However, there are exceptions. One organisation, which markets to women, reported to have an almost 50/50 gender split in its area managers, and another women’s fashion retailer has 87% female representation at store manager level.

The chief people officer of one grocery retailer told us that it has progressed from 10% female representation to 50% female representation at area manager level since 2014.

For retailers across all subsectors, increasing flexible working opportunities in operations should be a key priority. The lack of remote, flexible or part-time options in operations means that women often get ‘trapped’ on the shop floor and are unable to progress.

Mirroring the rest of the corporate sphere, female representation is also particularly low in functions including IT and technology, manufacturing, supply chain and logistics. By contrast, women are consistently overrepresented in areas such as HR and marketing.

**% OF RETAILERS THAT STRUGGLE ON GENDER DIVERSITY IN CERTAIN FUNCTIONS**



**CUSTOMER ATTITUDES**

Some retailers reported that sexist customer expectations act as a barrier to progressing on diversity. In areas such as luxury goods and car servicing, retailers told us that customers sometimes expect to be served by a male employee. As such, changing customer expectations will be a long-term priority.

By contrast, the CEO of one furniture retailer told us that it was targeting female salespeople, because women – who tend to be the decision-makers on large purchases for the home – respond better to women than men.

**SUPPORTING RETURNING PARENTS**

Many women permanently exit businesses after having children, shrinking the pool of female talent available to rise up into the most senior positions. As such, reviewing maternity, paternity and flexible working policies is a crucial step.

Businesses should collect data on how many colleagues choose not to return to work after maternity or paternity leave, and the reasons why. Reviewing and revising childcare policies could also be beneficial, and providing coaching for those returning to work after an extended period away from the company.

**Examples of best practice**

**FOCUS ON DATA COLLECTION**

- One larger retailer reported tracking ‘all-male spines’, a phrase used to describe when every one of an employee’s direct superiors is male. The business found that in central retail, 78.6% of colleagues report exclusively to men. Collecting this sort of data not only provides a clear benchmark for progress, but also increases understanding of the realities of being a female employee.
- Data can be used to highlight line managers who are particularly good – or bad – at hiring diverse leadership teams under them. One grocer uses this as a data point in establishing annual bonuses for its management population.

- Collecting data about those returning (or not returning) to work after maternity or paternity leave can provide valuable insight on the suitability of childcare policies, and on the effectiveness of inclusion policies for returning parents.

**HIRING FOR DIVERSITY**

- Companies are increasingly focused on fleshing out the talent pipeline by actively recruiting women into functions with little female representation.
- The inclusion director of one digital business told us it has committed to hiring more young women than men into their system engineering development programme, while others have specifically sought out women when they look to fill director-level roles.
- To avoid functions or teams becoming too homogeneous, one multibrand retailer has set a target of no more than 75% of any one gender on any shortlist, and has committed to bi-annual reporting on progress.
- The CEO of one general retailer reported that its immediate priority was hiring men into functions overpopulated with women, such as HR.

**DRIVING INCLUSION**

- Multiple specialist retailers reported that they had adjusted their incentivisation programmes so it was no longer driven by number of sales. This system had been reconsidered as most sales were made on the weekend, and women are more likely to have childcare responsibilities on those days.

## Spotlight on: The Hampton-Alexander Review

Built on The Davies Review, The Hampton-Alexander Review began in 2016, setting the formal target of 33% female representation on FTSE 350 Boards by the end of 2020. The same goal was later added for executive committees and direct reports.

The final report was published in February 2021, reporting that both FTSE 100 and FTSE 350 Boards have exceeded their target (36.2% and 34.3% respectively, up from 26.6% and 23.0% in 2016), with executive committees and direct reports lagging slightly behind. While the review provides a useful benchmark, most retailers are not listed and so are not included in the Hampton-Alexander Review.

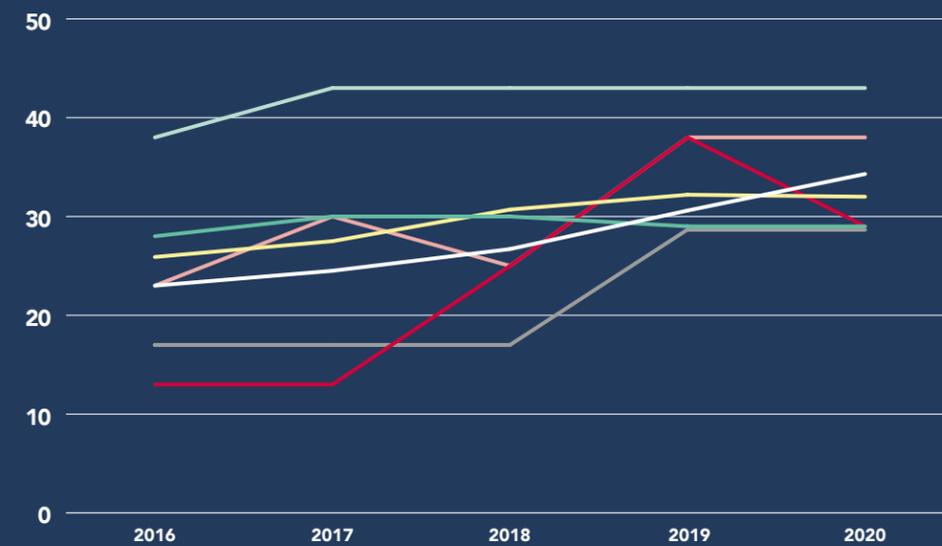
The data demonstrates a notable increase in 2018, when mandatory gender pay gap reporting came into play. This confirms the effectiveness of a targeted approach to D&I with accountability structures. It is, however, worth looking more closely at the data to address potential pitfalls as the Review comes to an end.

Firstly, despite a steady upwards average trajectory, when we track individual FTSE 350 retailers we can see how precarious these numbers are, and how representation tends to plateau or even fall once it achieves the target. On these graphs, we have selected at random four listed retailers (A, B, C, and D) and plotted their progress over the past few years against the Hampton-Alexander's averages. When we look at the raw data from real companies, the instability of female representation – which goes down and plateaus as well as going up – is more apparent. Particularly at Board level, every individual appointment makes a significant difference.

Secondly, there is a danger that the delayed gender pay gap reporting in 2020, and redundancies during the pandemic, pushed these targets down the agenda.

It is critical that we keep up the momentum to drive up representation beyond the Hampton-Alexander Review towards the ultimate goal of gender parity in leadership.

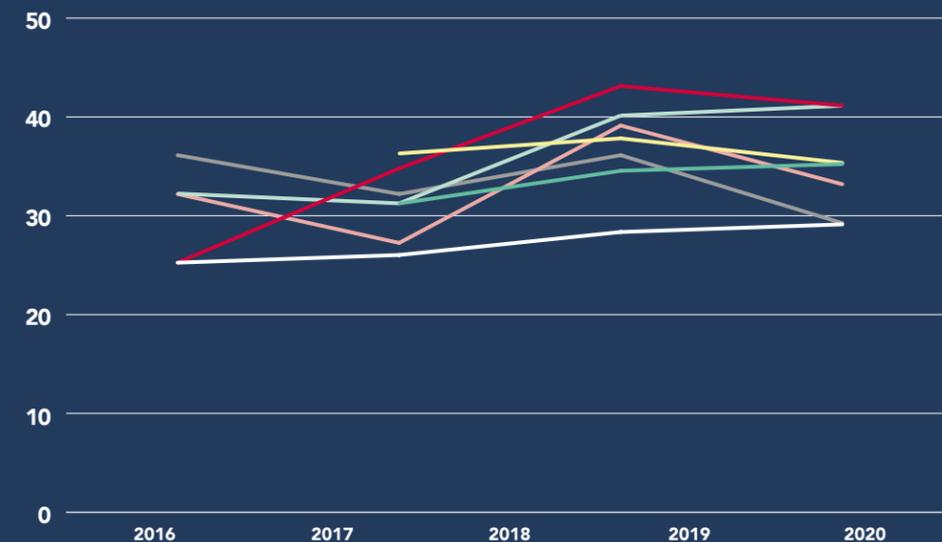
THE PROGRESS: % FEMALE REPRESENTATION ON BOARDS



KEY

- FTSE 350 average – all sectors
- FTSE 350 average – food retail
- FTSE 350 average – general retail
- Retailer A
- Retailer B
- Retailer C
- Retailer D

THE PROGRESS: % FEMALE REPRESENTATION ON SENIOR LEADERSHIP TEAMS



KEY

- FTSE 350 average – all sectors
- FTSE 350 average – food retail
- FTSE 350 average – general retail
- Retailer A
- Retailer B
- Retailer C
- Retailer D

# Ethnicity

The topic of racial and ethnic diversity has become a key corporate priority. The events of summer 2020 and the acceleration of the Black Lives Matter movement has propelled ethnic and racial diversity up the agenda. As a result, leaders in retail were more receptive to discussing race and ethnicity when compared with previous years.

## The numbers

- At Board level, 4.5% of non-executive directors in the retail industry are from ethnic minority communities.
- 5.8% of executive committee members are from ethnic minority communities.
- 6.0% of direct reports are from ethnic minority communities.
- 90% of D&I initiatives in the retail industry include race and ethnicity.
- Specifically, Black leaders are underrepresented on retail Boards and executive committees.

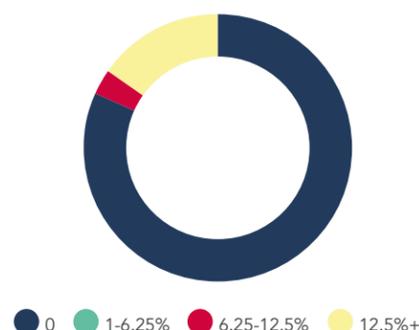
There is a note of caution attached to these headline figures. Of the companies we spoke to, many could simply not provide accurate data on the ethnic makeup of their leadership teams at direct report level – resorting to manually counting non-white leaders in their business.

A number of retailers are owned by Asian families, with the Board and leadership of these businesses drawn from within their immediate family. Given the relatively small number of Board and executive committee members in total who are not white, if we exclude these businesses from the data set, the overall picture of ethnic and racial diversity is much less positive.

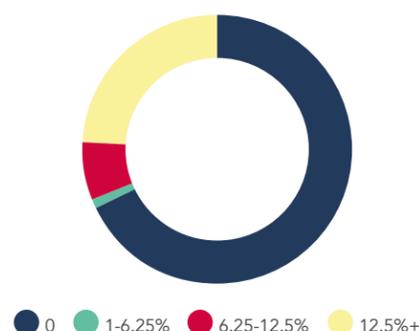
**% ETHNIC MINORITY REPRESENTATION AT TOP THREE LEADERSHIP LEVELS**



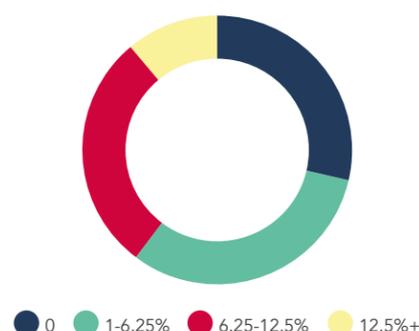
**BOARD**



**EXECUTIVE COMMITTEE**



**DIRECT REPORTS**



Despite an increased understanding of the importance of ethnic and racial diversity, there is still a lot of work. A significant 81% of companies in the retail industry have all-white Boards, and 68% have all-white executive committees.

## How does this compare?

Both the McGregor-Smith Review and the Parker Review provide benchmarks on which to measure progress on ethnic and racial diversity.

The McGregor-Smith Review states that 12.5% of the UK working age population, and 6.25% of business leaders, are from an ethnic minority background. The retail industry is exceeding the cross-industry average for leaders at executive committee level, but falling short at Board and direct report level. At all seniorities, ethnic minority representation in the retail industry is far below 12.5%.

Focusing on Board-level ethnic diversity, in 2020, the Parker Review set the target that no FTSE 100 company would lack a person of colour as a director by the end of 2021. It seems unlikely that the retail industry will achieve this, unless 81% of retailers make ethnically diverse Board appointments between now and the end of the year.

Indeed, at Board level, the retail space is falling far behind its adjacent consumer sectors. 11.4% of NEDs in the consumer goods sector, and 6.4% in hospitality, travel and leisure, are from ethnic minority backgrounds.

**ETHNIC MINORITY REPRESENTATION AT TOP THREE LEADERSHIP LEVELS BY INDUSTRY**

Industry	Board	ExCo	Direct reports
Retail	4.5%	5.8%	6.0%
Consumer goods	11.4%	5.7%	7.1%
HTL	6.4%	3.4%	4.8%

Retailers have made most progress at executive committee level, where ethnic minority representation surpasses that of the consumer goods and hospitality, travel and leisure industries.

As of February 2021, The Race at Work Charter has 608 signatories, of which retail is one of the most underrepresented sectors. Only 26 signatories (4.3%) are retailers, and a significant majority of those companies have only signed the charter since June 2020.

## Challenges and nuances in retail

### LACK OF DATA REMAINS A SERIOUS BARRIER TO PROGRESS

As has been a core message in each of our previous joint reports examining D&I in the consumer-facing sectors, what gets measured gets done. However, a lack of data is a central blocker to progress on ethnic and racial diversity.

While one or two companies have been tracking ethnicity data for a while, most – even those with advanced D&I policies – don't collect ethnicity data at all, and so cannot track progression. As a result, only 33% of retailers have any level of ethnicity data.

There are a number of reasons for this.

Some companies told us they were waiting for mandatory ethnicity pay gap reporting to come into play. While the prospect is forcing organisations to seriously consider ethnic diversity, a lack of clarity from the government as to what data will be required is holding many businesses back from collecting relevant data today. Until they know specifically what data they will need to report and how it will be cut, they are reluctant to invest resources for fear of having to do it again once the legislation becomes clearer.

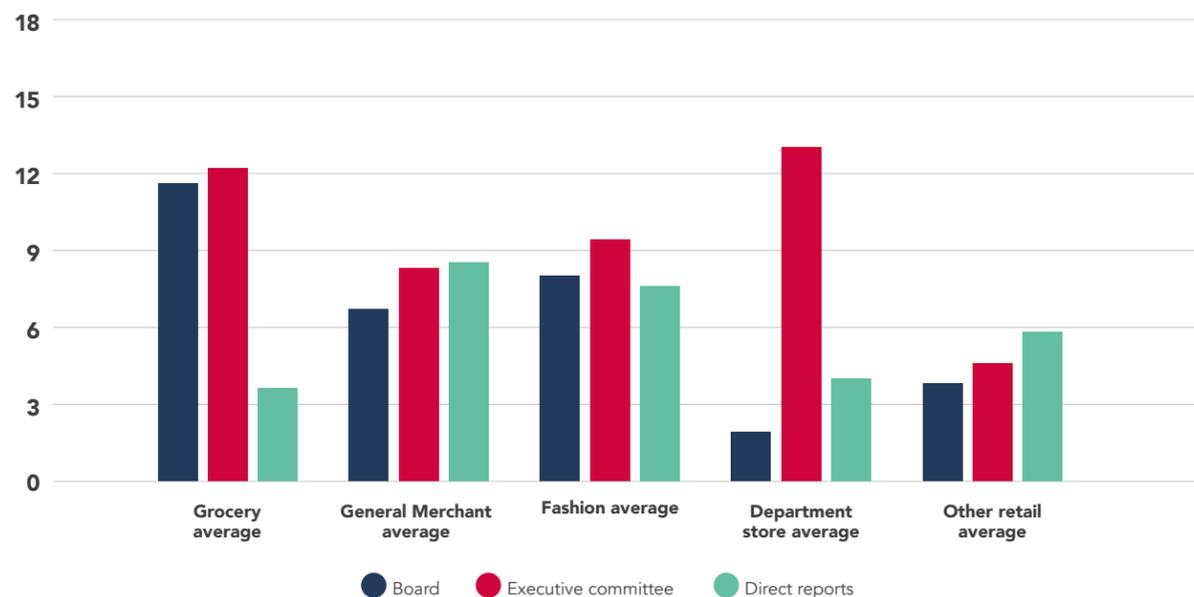
Of the data that is being collected, much of it comes from voluntary engagement surveys which can often remain incomplete. The chief people officer of one company told us that

48% of its employees ticked 'rather not say' for ethnicity in a recent survey.

Even at the most senior level, there remains a hesitancy to hand over information about ethnicity. The HRD of one luxury retailer told us that 40% of employees, 32% of direct reports and 36% of executive committee members opted not to share information on their race and ethnicity.

To combat nervousness around supplying data, the CEO of one food retailer told us it organised talks led by Black, Asian and minority ethnic leaders to introduce its ethnicity survey and explain its uses and benefits to the wider workforce.

**% ETHNIC MINORITY REPRESENTATION AT TOP THREE LEADERSHIP LEVELS BY RETAIL SUBSECTOR**



**SUBSECTOR ANALYSIS**

On ethnic and racial diversity, the grocery industry is leading the way, both on minority ethnic representation and engagement in the topic.

Our research found that ethnic minority representation on the Boards and executive committees of grocery businesses surpasses 11%. Positively, this almost reaches the 12.5% figure of working age people from an ethnic minority background in the UK. Moreover, grocers are the only businesses to have

established development programmes designed specifically for ethnic minority employees.

Grocery's success in driving up ethnic minority representation corresponds to a high public engagement in the topic of racial diversity. In the summer of 2020, for example, we saw a number of supermarkets making statements publicly denouncing racism, and at Christmas, major grocers broke protocol to run their adverts back-to-back during two primetime slots on Channel 4, with the hashtag #StandAgainstRacism.



**RESPONDING TO BLACK LIVES MATTER**

The conversation around race and ethnicity has been fast-tracked over the past year, with a sizeable majority of leaders telling us that the murder of George Floyd and the subsequent protests triggered a fundamental shift in how they think about ethnic diversity.

However, while many companies said that while discussions around ethnicity and race increased after George Floyd's death, 78% of retailers did not release a public statement for fear of coming under fire for saying the wrong thing, being too political or not having a diverse enough leadership team themselves.

By contrast, the chief people officer of one retailer – which is far along in its D&I journey – released a statement denouncing racism and told us that "there wasn't that much decision making to make because we're very clear what we stand for."

In some retailers, the rise of the BLM movement resulted in more detailed conversations around the lived experience of different ethnic minority communities. One HRD told us that BLM encouraged discussions around the lack of Black employees in their company.

**NERVOUSNESS**

Not all companies are turning their intentions into actions. In many organisations, there remains a distinct nervousness around discussing race and ethnicity, particularly around the 'right' language to use to discuss different ethnic and cultural groups.

**FRANCHISE PARTNERS**

In retailers that employ a franchise model, ethnic diversity tends to be high at a store level, but low in the head office. However, those retailers reported difficulty in gathering ethnicity data for its franchisees.

**HEAD OFFICE LOCATION**

For lots of businesses, head office location acts as a barrier to ethnic diversity. Where retailers are based in parts of the country with predominantly white residents, leadership

teams are often reflective of that region and are therefore low on ethnic diversity. Looking ahead, the rise of remote and flexible working could drive positive change here, allowing for ethnically diverse candidates to take up roles that otherwise wouldn't have suited because of the physical location of the head office.

**DIVERSITY IN-STORE**

Many retailers reported high levels of ethnic minority representation on the shop floor, especially in areas of the UK densely populated by ethnic minorities. Indeed, lots told us that some stores are staffed exclusively by members of one cultural community. While this is not diverse in and of itself, these instances do contribute to the overall diversity of the sector. Businesses should prioritise engaging these employee groups and bring them up to middle management level and beyond.

**Examples of best practice**

**HIRING FOR ETHNIC DIVERSITY**

- Many businesses are implementing targets – such as reaching 25% ethnic minority representation at graduate level.
- Others have partnered with organisations for internship programmes. One retailer, which is based in one of the most diverse regions of the UK, has joined up with two local universities to fast-track ethnically diverse student cohorts into its graduate scheme.
- Beyond measurable targets, one fashion business told us they had pivoted their hiring approach to look at potential rather than experience, in order to nurture and grow ethnic minority talent.
- Across the retail industry, there are very few Black leaders. More than one retailer told us that it has increased its number of Black senior leaders by hiring from adjacent industries like FMCG.

**DEVELOPING EXISTING ETHNICALLY DIVERSE TALENT**

- The most advanced policies include ethnically

diverse leadership development programmes. Often run by external organisations and facilitated by those from ethnic minorities, schemes like these are designed to accelerate the development of ethnic minority employees in a similar way to now-widespread female development programmes.

- External partnerships are very popular here, with retailers reporting signing the Race at Work charter and using L&D tools from Show Racism the Red Card or the BITC's Let's Talk About Race.

### DRIVING INCLUSION

- On the largest scale, businesses are using agencies like the Clear Company to audit the entire business' culture and automate their HR systems to be fairer and more equitable, or pivoting their culture to be anti-racist.
- Many retailers have networking groups in place which ensure the corporate calendar is inclusive of all religious holidays.
- One specialist retailer has launched an annual 'scholarship' programme to encourage ethnic diversity right across the subsector. The programme is designed to sponsor up to 50 candidates from ethnically diverse backgrounds through an industry qualification. The course is free of charge for the candidate, and there is no obligation to join the business afterwards.

## LGBTQ+

LGBTQ+ has historically received the most attention from corporates after gender and ethnicity.

According to the latest data from the Office of National Statistics, 5.4% of the UK population does not identify as being heterosexual. However, very few companies hold meaningful data on the LGBTQ+ makeup of their employees, and as a result, the proportion of LGBTQ+ leaders in the retail industry remains unknown.

To provide an indication, however, we asked if retailers could identify at least one visible LGBTQ+ leader within the top two levels.

### The numbers

- 68% of D&I initiatives in the retail industry include LGBTQ+.
- 27% of retailers reported having at least one visible LGBTQ+ leader within the top two levels of executive leaders.

### How does this compare?

While it is difficult to directly measure how sectors compare on LGBTQ+ representation, retailers appear more engaged in the topic than businesses in the adjacent consumer goods or hospitality, travel and leisure sector.

- 68% of D&I strategies in the retail industry include LGBTQ+, compared with just 41% in HTL businesses.
- 27% of retailers have at least one visible LGBTQ+ role model, which is on par with the consumer goods industry.

### Lack of data is a barrier to progress

Though some companies have used surveys to help build a picture, there is really no reliable way to measure the sexual orientation of workforces

or leadership teams in the retail sector. In some circumstances, trying to do so could be counter-productive from an inclusion point of view.

Moreover, where surveys are used, they often paint an incomplete picture. A Government Equalities Office (GEO) National LGBT survey highlighted that 70% of survey respondents avoid being open about their sexual orientation in certain settings and, in particular, 19% are not open about it in their workplace.

### Nuances and challenges in retail

The difficulty to measure progress in LGBTQ+ diversity should not be an excuse for complacency. It is notable that in the Stonewall Top 100 Employers list of 2020, only one retailer is present: Sainsbury's. Despite the relative lack of retail companies on the list, Sainsbury's' inclusion (at number 71) speaks to the progress being made in the industry, as there were no retailers at all in 2019. We have learnt that minimal engagement in transgender issues is a key contributor to the lack of retail representation on the Stonewall Top 100 Employers list.

Unlike for gender or ethnicity, there are very few targeted development programmes or language sensitivity training courses for the wider workforce around LGBTQ+ issues.

### Examples of best practice

- Many retailers celebrate Pride internally, and partnerships with Stonewall are common – one high street retailer said LGBTQ+ colleagues had the highest engagement rates in their voluntary survey as a result of initiatives like these.
- The HRD of one grocery business said they give transgender colleagues in the business the platform to role model by hosting events, and LGBTQ+ employee networks, forums and group chats provide a hub for the community.

# Disability

Official figures show that 19% of the working age population in the UK is disabled, as defined by the Equality Act 2010. But like LGBTQ+, disability is an area of diversity where it is difficult to measure progress by looking at data.

Perhaps because of this, businesses have been slow to embrace disability as priority area. However, there has been a shift over the last year, with more organisations expanding their D&I policies to cover disability.

In retail, the approach to physical disability tends to be more reactive than proactive. Many leaders reported that disability diversity is only explored when sponsored by an individual – either someone who is disabled themselves, or is closely connected to a disabled person.

In a similar way to LGBTQ+, very few companies hold meaningful data on disability, so the proportion of disabled leaders in the retail industry remains unknown. To provide an indication, we asked if respondents could identify at least one physically disabled leader within the top two levels of executive leaders.

## The numbers

- 50% of D&I strategies in the retail industry include disability.
- Just 7% of retailers reported having at least one disabled leader within the top two levels of executive leaders.
- Less than 1% of executive committee members are physically disabled.

## How does this compare?

On disability representation, retail is falling behind its adjacent consumer-facing industries. In both consumer goods and hospitality, travel and leisure, 14% of companies can identify a visibly disabled leader, compared with 7% in the retail industry.

When it comes to D&I strategies, however, the retail industry is performing well: 50% of D&I policies cover disability in retail, compared with only around 25% in hospitality, travel and leisure.

## Nuances and challenges in retail

There is work to be done to debunk the myth that retail is not accessible to those with disabilities.

We have detected a nervousness around the topic of disability. Unlike gender, with which leaders have grown comfortable discussing, people are hesitant to discuss disability for fear of saying the wrong thing or appearing ignorant. There is also uncertainty around language, with some organisations opting to use labels such as ‘differently-abled’ – which some argue distract from the systematic issues preventing people with disabilities progressing to senior leadership roles.

More than one retailer told us that it was waiting for the ‘appropriate time’ to focus on disability. These retailers – especially those with large warehouses and manufacturing capabilities – are delaying action until they have sufficient resources to fully adapt working conditions to cater for those with disabilities.

## Examples of best practices

- Disability-focused D&I strategies are often focused on opening up the conversation and removing the stigma attached to disability.
- Employee networks and listening forums have proved helpful in educating non-disabled staff on what does and doesn’t work for them.
- The chief people officer of a specialist retailer told us that a disabled member of its management team had given a presentation to the Board and executive committee sharing their experience of being disabled in the workplace, and suggesting areas where the business could improve – which was game-changing in terms of leadership understanding of disability.

The shift to remote working has been a welcome change for some disabled people, but has presented significant challenges for others. For those with hearing or sight disabilities, for example, working all day via Microsoft Teams or Zoom can be more difficult than in an office environment.

### MENTAL HEALTH

A significant 45% of retail companies have policies in place that cover mental health. While the general mental wellbeing of employees should not be considered as a facet of diversity, supporting employees with a mental illness is an important part of disability inclusion. Many retailers reported that awareness of mental health increased during Covid-19.

### NEURODIVERSITY

In the last few years, increased attention has been paid to neurodiverse colleagues, such as those with autism, dyspraxia, dyslexia, ADHD or social anxiety disorders. The profiles sought by employers often inadvertently exclude neurodiverse people; however, embracing neurodiversity not only promotes an environment of inclusion but can also have significant commercial benefits. From an inclusion point of view, adjusting recruitment and career development policies, and making small workplace accommodations – like providing headphones to prevent auditory overstimulation – can go a long way to encourage belonging. Moreover, research has shown that neurodiverse people sometimes have higher-than-average abilities in areas like pattern recognition, memory and mathematics. Businesses which accommodate neurodiversity in their recruitment and working practices can unlock this value and reap the rewards.

# Social mobility

Retail is an industry where leaders have historically started out on the shop floor. Perhaps because of this, social mobility has emerged as a key area of focus. Progress on social mobility is often inextricably linked to progress on other areas of diversity, particularly minority ethnic representation. Indeed, one retailer told us that its social mobility-focused apprenticeship scheme is its biggest source of diversity across the Board.

## The numbers

- 20% of D&I initiatives in the retail industry include social mobility.

## How does this compare?

The retail industry is outperforming the hospitality, travel and leisure industry in this area. One in five retail businesses have D&I policies focused on social mobility, compared with 18% in the hospitality, travel and leisure sector.

However, only two retail companies feature on the Social Mobility Employer Index, which is otherwise dominated by legal and professional services firms.

## Nuances and challenges in retail

The case has been made for socio-economic diversity in leadership teams – especially in retailers which market to a lower-income demographic. It was therefore interesting to hear one HRD identify a lower-income background as a key driver of success for leaders in their business. In this case, those who understand the needs of a lower-income consumer are better suited to make key decisions.

However, the retail industry is going through an extended period of transformation, which is impacting the profile of its leaders. As advances in technology make the retail industry a more nuanced and competitive space, leaders with degrees from elite universities or specific experience, or former management consultants, are being favoured over those who have risen through the ranks in retail. This is especially true in private equity-backed businesses.

Covid-19 has accelerated this trend, with businesses increasingly looking for those with experience in large-scale transformation, including digital transformation, who are less likely to come from the shop floor.

There is work to be done to encourage role modelling in social mobility. A few retailers noted that once leaders reach a certain seniority, they stop being seen by the workforce as role models or as examples of social mobility.

Moreover, some retailers told us that the leaders who started on the shop floor are often the most resistant to change, and can actually hinder progress on other areas of diversity.

At workforce level, the challenge remains for retailers to bring in talent from different socio-economic backgrounds. Most of the retailers embracing social mobility are doing so through apprenticeships schemes. Research from the Social Mobility Commission found that 92% of companies who run an apprenticeship scheme believe it led to a more motivated and satisfied workforce, while 80% reported higher retention rates.

Retailers also need to encourage and support candidates from lower-income backgrounds to apply for management positions, a task which is complicated by the relative lack of middle-management roles in the sector. Regardless,

identifying high-potential candidates early on in their career is an important step.

Applying a functional lens, marketing emerged as an area particularly lacking in social mobility. Broadly speaking, retailers told us that their marketing departments are dominated by white, middle-class employees.

## Examples of best practice

### HIRING FOR SOCIAL MOBILITY

- Many retailers develop apprenticeship schemes in partnership with schools, colleges and charities. The Prince's Trust, The Resolution Foundation and the government's Kickstart scheme were all mentioned by retailers as being useful partners.
- Some large retailers have apprenticeships in every function in the organisation to ease the challenging transition from shop floor to head office. One large retailer reported that it had 1,200 apprentices.
- One high street retailer has launched a work placement programme specifically for people leaving care.

### NURTURING EXISTING TALENT

- One supermarket has launched career sessions and work experience placements for those working in hourly paid roles.
- Another has introduced a technology apprenticeship and committed to filling every role with someone already in retail operations.

# Age

Retail is celebrated for being an industry that welcomes store colleagues of all ages.

Given the vast age range within the retail workforce, the industry is split on the specific areas of focus on age diversity: some retailers are working to encourage the development of young people, and others are focusing on inclusion among older employees.

By supporting and retaining young employees, businesses can unlock many other areas of diversity, such as ethnicity and social mobility.

## The numbers

- 20% of D&I initiatives in the retail industry include age.

## How does this compare?

The retail industry is outperforming the hospitality, travel and leisure industry in this area. Almost a quarter of retail businesses have D&I policies focused on age, compared to 18% in the hospitality, travel and leisure sector.

## Nuances and challenges in retail

Similarly to gender diversity, the average age of a retailer's employee base tends to reflect the brand and product offering of the retailer. One specialist business prides itself on consciously hiring older shop floor staff who mirror its customer base and can offer better insights to customer. Moreover, some retailers noted that the average age of their shop floor employees was high in rural locations, but much lower in cities. Targeting an older workforce allows retailers to avoid the cost of high staff turnover, which is particularly a problem among 16 to 21-year-olds.

According to ONS data, retail is the single biggest employer for 22-29-year-olds, and according to Retail Appointment, a third of retail employees are under 25. As a result, retailers are paying close attention to the needs of younger employees, in particular, prioritising engaging their rosters of young employees on hourly contracts. These colleagues often represent a more ethnically and socially diverse talent pool than the one that graduate schemes attract. The challenge for retailers is how to hold on to these individuals, when many view their time in retail as a stop-gap before they move into a different sector.

The HRD of one supermarket told us that engaging its young, hourly-paid members of staff was a central priority, telling us that young people take leadership opportunities in retail more seriously, opting for a strategic approach rather than just practical.

However, the industry's historic pride in and reliance on its young employee base has been challenged in the last twelve months, with the impact of furlough programmes disproportionately felt by young people.

On the other hand, the focus for some retailers is promoting inclusion among older team members. One online business reported that age only became a part of their strategy when older colleagues reported feeling sidelined by the focus on other areas such as ethnicity. In particular, the business told us they had introduced workshops about age discrimination only when conversations around racism were accelerating, so as not to make other groups feel left out.

## Examples of best practice

### SUPPORTING YOUNG EMPLOYEES

- Several larger businesses have dedicated programmes to give accelerated training and management opportunities to their young store colleagues on hourly contracts.
- One business has announced plans to source all its future apprentices from within its existing workforce.

### ENGAGING OLDER STAFF

- One specialist retailer gives 'long service awards' every five years. Aside from a monetary token, the Chair sends a personalised letter and phone call to assure every employee that their continued contribution is valued.
- Another retailer specifically targets older workers in its hiring strategies, with the view to reflect its customer base.
- More than one retail business holds focus groups for age diversity, where members can share experiences and discuss ways of avoiding age discrimination.

## Impact of 2020

The past year has been the most turbulent and destructive period for the retail industry since the Second World War. While some businesses have boomed, lockdown restrictions have led to much pain and suffering for the industry with casualties on the horizon.

Against this backdrop, it is sad – but perhaps understandable – that diversity and inclusion has dropped down the list of corporate priorities. Across the sector:

- Strong female, ethnic minority and diverse role models have exited;
- Budgets to achieve D&I have been slashed;
- D&I has become less of a priority for the Board; and
- Businesses are not collecting the vital data needed to measure the impact of Covid-19 on their business' diversity.

Sadly, the full effect on diversity and inclusion is only just emerging, and the pandemic looks set to have a long-term negative impact.

### Retail jobs lost

Over the course of 2020, more than 170,000 retail jobs were lost – with many of those coming from the shop floor. The high rate of female and ethnic minority representation at shop floor level has meant that these groups have been disproportionately affected by mass redundancies, which in turn sets back representation across the entire organisation as the pipeline collapses.

### Exaggerating existing imbalances

At a more senior level, the impact of mass restructuring programmes and furlough schemes was felt unevenly in retail, with women being disproportionately impacted.

There are a number of reasons for this. In cases where businesses underwent mass restructures, the lack of female leaders in senior positions meant that more women were made redundant than men. A lack of women in certain functions – such as finance and operational leadership – further contributed to this imbalance. As traditional retailers were forced to pivot to ecommerce, warehousing and distribution staff – often predominantly men – were more in demand.

Another area which has disproportionately impacted women is around voluntary furlough, with more women than men requesting furlough due to childcare commitments.

### Refreshing the Board

Covid-19 has fast-tracked conversations around the role of the non-executive Board, and many retailers are calling for Boards to be refreshed to reflect the new retail landscape.

Aside from obvious advancements in digital innovation, some argue that today's NEDs are no longer best placed to advise and guide their executives, having never experienced what it's like to be an executive during Covid-19.

For retailers, rebuilding the Board will provide a key opportunity to improve on diversity – as the NEDs available to take up first-time Board seats will likely be more diverse than the current cohort.

## Flexible working

The lack of meaningful opportunities for flexible working has historically been an immovable barrier to achieving diverse leadership teams in retail. While the flexibility of hours offered on the shop floor is often a key reason for entering the industry, the lack of flexible, remote or part-time opportunities in management means that employees with caring responsibilities frequently feel unable to apply for more senior positions.

However, the last few months have shown us all that remote and flexible working is effective and should no longer be a barrier to progression.

Nonetheless, businesses are not promoting flexible working at senior levels. Only 16% of retailers reported that someone on their executive committee works anything other than full time, and all but one of these examples are people who work five-day weeks compressed into four days, rather than true part-time roles. Additionally, many of those who work part time on an executive committee are in roles like company secretary or general counsel.

Very few retailers actively promote the fact that they have senior leaders who work flexibly and/or part time – and there are few visible role models for the industry as a whole. Moreover, those role models who do exist are almost exclusively female.

Looking at executive committee and direct reports combined, 36% of retailers confirmed they have at least one member of their executive committee or direct reports who works anything other than traditional hours.

Establishing flexible working policies as the norm will be central to changing the perception that a career in the retail industry is not available to those with caring responsibilities.

In terms of remote working, most companies in our research reported that they don't intend to go back to 100% office working, even if they had no remote infrastructure before. This could drive significant change in the industry, opening the door for more diverse appointments. Indeed, 32% of businesses interviewed said remote working would allow them to broaden their talent pool. This is especially pertinent for businesses based outside of major cities, where the location of the head office can be a barrier to securing ethnically diverse candidates. The people director of one national business said head office staff would be able to use their local stores as a workspace, and another is adding 'Home' as a base location to everyone's contracts.

However, not all businesses share this enthusiasm for remote working. Many senior leaders in retail are increasingly worried about the impact of the 'always on' culture bred by working from home, especially as Covid-19 has made it very difficult to be working at anything other than 100%. Remote onboarding – particularly for junior employees – has also proved challenging.

## Building back better

There are opportunities to capitalise on the disruption from Covid-19. Where businesses have undergone mass restructures, there is a chance to rebuild with diversity and inclusion at front of mind, by prioritising women and other diverse candidates.

## Further reading

### Diversity is the solution, not a problem to solve

<https://www.pwc.co.uk/industries/financial-services/insights/diversity-is-the-solution-not-a-problem-to-solve.html>

### Comeback to HTL by WiHTL

[www.comebacktohtl.com](http://www.comebacktohtl.com)

### Are you missing millions?

<https://www.pwc.co.uk/human-resource-services/assets/pdfs/are-you-missing-millions.pdf>

### Hampton-Alexander Review: FTSE women leaders (2021)

<https://ftsewomenleaders.com/>

### Why diversity matters (2015)

<https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

### Delivering through diversity (2018)

<https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

### Diversity wins: How inclusion Matters

<https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

### From Intention to Action: Diversity in Hospitality, Travel & Leisure – An in-depth report from WiHTL, The MBS Group and PwC

<https://www.thembgroup.co.uk/wp-content/uploads/2020/02/WiHTL-Annual-Report-From-Intention-to-Action-2020-Edition.pdf>

### Diversity in Food and Grocery: an in-depth report from The MBS Group, IGD and in association with PwC

<https://www.thembgroup.co.uk/wp-content/uploads/2019/11/397402-MBS-Group-%E2%80%93-Diversity-in-Grocery-Brochure.pdf>

### Neurodiversity at Work – CIPD in collaboration with Uptimize

[https://www.cipd.co.uk/Images/neurodiversity-at-work\\_2018\\_tcm18-37852.pdf](https://www.cipd.co.uk/Images/neurodiversity-at-work_2018_tcm18-37852.pdf)

## About us

### About the British Retail Consortium

The BRC's purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future.

Retail is an exciting, dynamic and diverse industry which is going through a period of profound change. The BRC is committed to ensuring the industry thrives through this period of transformation. We tell the story of retail, work with our members to drive positive change and use our expertise and influence to create an economic and policy environment that enables retail businesses to thrive and consumers to benefit. Our membership comprises over 5,000 businesses delivering £180bn of retail sales and employing over one and half million employees. For more information, visit: [www.brc.org.uk](http://www.brc.org.uk)  
Twitter: @the\_brc

### About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 155 countries with over 284,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com)  
Twitter: @PwC\_UK

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### About The MBS Group

For more than 30 years, The MBS Group has been a leading sector-specialist executive search firm advising all consumer-facing industries, with a particular focus on the retail sector. Clients consider us to be the partner of choice when searching for critical leadership roles that make a difference. We work at board level and on executive positions across all functions of strategic importance. For more information, visit [www.thembgroup.co.uk](http://www.thembgroup.co.uk)  
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### Acknowledgements

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